C.S 15-4.1-6&24

G. R. S. App. F. IX-4]

Previous References.
C.S. 29-03-1-3
L.M. 4-29-1,3&4
Later References.

194/.
C.S.

File No. 15-41
Serial Nos. 6+24

PRESERVED

GENERAL AND REVENUE SECRETARIAT

Serial Nos. 2

P 10. E

Part B for August

SUBJECT.

Amendment of the bye-laws 17(6) of the Mysore Central Cooperative Land Mortgage Bank, Bangalore re: the enhancement of the limit of the liabilities of the Bank

SL24) To the Registrar of Cooperative Societies
" Comptroller
No A7 1427-8 dy 29-8-42
Approves the —

Dkk
28/9

Serial No. 6

Letter No 10224 dated the 28th February 1942 from the Registrar of Co. requesting that the amendment of the bye-law No 17 of the bye-laws of the Mysore Central L.M. Bank ~~regarding~~ raising the borrowing power of the Bank to twenty times of the ~~subscribed~~ Share capital and reserve fund

1) The present ~~borrowing~~ power of the Bank is sixteen times the subscribed share capital plus reserve fund. The Bank had as on 30-6-41 a paid up share capital of Rs 124550/- of which the individual members held Shares of the value of Rs 13100/- the balance of Rs 111450/- held by the L.M societies. The reserve fund of the Bank was Rs 14647/- on 30-6-41. With the addition of a sum of Rs 2500/- out of the profits for 1940-41 and a portion of the penal interest which is also on the Reserve fund will come to about Rs 17150/- Thus the Bank ~~will~~ have a paid up Share Capital ~~and reserve~~ and reserve fund of Rs 128600/- made up of Rs 111450/- as share capital subscribed for by the L.M. societies only and Rs 17150/- as reserve funds (without taking into consideration a sum of Rs 13100/- being the Share capital subscribed by individual members which may ~~be~~ at any time be withdrawn by them). There are only fifty two LM societies at present ~~and~~ with the starting of

Page 39 of the report forwarded

Page 20 of the report

NOTE—Contn. Sheet.

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2

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Serial No.

more societies, there will be a further flow in to the share capital of the Bank. Even with the existing share capital subscribed by the societies and the reserve fund on hand, and even with the present borrowing power of sixteen times the share capital and reserve fund the Bank can borrow a sum of Rs 205-7600/- and the increase in the share capital caused by the starting of new societies and Continuance of the contributions to the reserve fund even at the present rate of Rs 2500/- (which will increase the borrowing capacity to Rs 400000/-) should go a long way to meet the needs of the Bank without enhancing the borrowing limit from sixteen times to twenty times the share capital and reserve fund; and there does not seem to be any need to accede to the request of the Bank as recommended by the Registrar. Reply to the Registrar may state that as even the existing capital held by the societies with the reserve fund is sufficient to raise the debentures permissible under the by-laws. Govt are not inclined to accede to the request of the Bank to raise the borrowing power from sixteen times to twenty times and the Bill is submitted for consideration and orders

28/3/42 30/3

Serial No.

Please perm use the file and D 1142-45-LM 29-33-2 dated 14.8.1934 and the original file sanctioning the Bye laws of the Bank for reference early

12/5/42

(1) The original file sanctioning the bye laws of the L.M. Bank (L.M 6-29 K 1-4) and the file bearing to the amendment of the bye laws in August 1934 (LM 29-33 K 1-3) are placed below for perusal with the reference pages A B K C. in the file LMB

28/5/42

(2) In the Bye law 17(4), as it originally stood, the liabilities of the Bank, by way of deposit, issue of debentures or otherwise were not to exceed twelve time the subscribed share Capital plus Reserve Fund. This was amended in the year 1934, when this limit of 12 was amended & raised to 16. no definite reasons were put forth then for so enhancing the limit. The reasons now advanced for enhancing the limit of 16 to 20 do not seem to be sufficiently convincing. The share Capital held by the individual members which is stated to be Rs 13,100 is not going to be withdrawn all at once; it will be

NOTE—Cont. Sheet.

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only gradual & at any rate, it may not exceed the rate by which the Reserve Fund goes on increasing.

(5) In another file, amendment of Bye law no 28 is sought to increase the limit of the total loan raised to 30 lakhs as against 20 lakhs which is again subject to Bye law no 17 (6). If that is not approved, then there will be no need to approve the amendment of this Bye Law. Both are interdependent and must go together. It seems to be desirable either to approve the amendment of both of them or to drop also both of them

(Genl Secy) 31/5/42

(6) The amendment, which is supported by the Registrar, may be approved.

(Hon Minister) 3/6/42

3/6

Vide note and orders in file No Ret 15-41 (Diy No 3193) re the amendment of the rules re the increase in the limit of borrowing by the Central L.M. Bank.

Extract of the order of the Minister for Education in

3188/AF

Serial No.

the file noted to above
" the proposal of the Bank may be sanctioned"
Under J.M.S 19/8
P.A 21/8/42
T.R.M 19/8

Draft letter be issued
29/8/42

a) may be approved.

As specific orders on this are now passed by the Minister, this may be submitted to the Minister for approval. The other file CS 15-41 (No 3192) is put up

(Secy) 21/8
a) may be approved

(The Minister) 21/8

b) 26.8.42 21/8
27/8

26 BT 1627-8 dt. 29.8.42 to the Regr of Co-operative Societies Approved the Amendment of the Bye-laws No. 170 of the Bye-laws of the M.C.C.B.L. Re. The enhancement of the limit of the liabilities of the Bank.

31/8

OFFICE OF THE MINISTER FOR EDUCATION
Date 24-8-42
No. 1014

21 AUG 1942
1276

SECRETARY

BRANCH
-2 SEP 1942

NOTE—Contn. Sheet.

WD 04165—GPB—55,000—23-10-41

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GOVERNMENT OF MYSORE.

No. 10224 C. S. Encore.

C.S. 18-4-6

DEPARTMENT OF CO-OPERATION

Telegraphic Address "CO-OPERT" Bangalore.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Dated Bangalore, 28th February 1942.

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

J. Appaji Gowda, Esq., B.A.(Hons.),
General Secretary to Government,
Bangalore.

GENERAL SECRETARY. 3-MAR. 1942

C.N. & R.D. SECTT. 3 MAR 1942 AGRL. & FOREST BRANCH.

Sir,

I have the honour to forward herewith a statement showing byelaw No.17(b) of the byelaws of the Mysore Central Co-operative Land Mortgage Bank, Ltd., Bangalore City, as it stands at present and as it stands after the amendment to it passed at the general meeting of the Bank held on 26-10-1941 and to state as follows:

According to byelaw No.42(4) no primary land Mortgage Society shall at any time be indebted to the Bank by way of principal to the extent of more than 20 times the amount of share capital of the Bank paid up by such society and under the existing byelaw No.17(b) the liabilities of the Bank by way of deposits debentures or otherwise shall not exceed sixteen times the subscribed share capital plus reserve fund. As the share amounts are payable in full under byelaw No.25 within one month from the date of intimation of allotment of the shares the subscribed share capital is the paid up share capital. No doubt the Bank's share capital consists of the share amounts paid by the affiliated primary societies and also by individual members, if any. Out of a share capital of Rs.1,24,550/- on 30-6-1941, the individual members held Rs.13,100/-. But the share capital derived from individual members is decreasing year by year as the Bank has not been advancing loans direct to individuals but only to Land Mortgage Societies. As the non-refundable minimum period of ten years prescribed in byelaw No.22(a) has in many cases expired, applications for refund of the share amounts paid up by the

individual ~~members~~ share holders are being received, considerably, depleting the share capital of the Bank. The share capital of the Bank may therefore be taken as the share capital paid up by the affiliated Land Mortgage Societies only, thus reducing the borrowing powers of the Bank, as the societies do not generally take shares of the value of more than 5% of their liabilities to the Bank. While it is to be admitted that the limit of borrowing is based on the reserve fund also, it will have to be pointed out that the annual contribution to the reserve fund is only ten per cent of the net profits. Thus the addition to the borrowing limit by the addition to the reserve fund is very small indeed. Moreover the Bank has to raise debentures much in advance of the payment of share capital by the societies, after obtaining the sanction of Government under Section 56 of the Mysore Co-operative Societies Act. It is therefore necessary that the Banks borrowing power has to be raised to at least 20 times the subscribed share capital and reserve fund. In these circumstances, I recommend that the amendment to the said byelaw may be registered under Section 11 of the Mysore Co-operative Societies Act read with Section 53 of the same Act.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar

Statement showing byelaw No.17 (b) of the byelaws of the Mysore Central Co-operative Land Mortgage Bank, Ltd., Bangalore City as it stands at present and as it stands after the amendment to it passed at the general meeting of the Bank held on 26-10-1941.

As it stands at present	As it stands after the amendment
Byelaw No.17 (b) Provided that the liabilities of the Bank by way of deposits, issue of debentures or otherwise shall at no time exceed sixteen times the subscribed share capital plus reserve fund.	[Byelaw no 17(b)] Provided that the liabilities of the Bank, by way of deposits, issue of debentures or otherwise, shall at no time exceed twenty times the subscribed share-capital plus reserve fund.

"C O P Y"

jsp.27/2.

For Registrar

G. R. S. App. F VI—G 2]

SUBJECT .....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 193 .

Date of issue 29-8-42 193 .

Signed by .....

May this be—

(i) printed?

(ii) treated as a standing order?

(iii) published in the Gazette, English Part?

(iv) translated?

(v) placed at the disposal of the press?

(vi) published in the Gazette, Kannada Part?

Section b5

File No. 15-41

Serial No. 24

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read—

Letter No 10224 dated 28/8/42 from the Registrar Co-op requesting approval to the amendment of the byelaw No 17(b) of the byelaws of the Mysore Central Co-operative Land Mortgage Bank Ltd, as detailed below, re the enhancement of the limit of the liabilities of the Bank, which was passed by the general body of the Bank

[Here enter the byelaw nos in brackets in the case of P.O.D]

Order No A 7 11427-8 of 29/8/42

Approved

To the Registrar Co-operative Societies

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Read:-

Letter No.10224 dated the 28th February 1942, from the Registrar of Co-operative Societies in Mysore, requesting approva to the amendment of the bye-law No.17 (b) of the Bye-laws of the Mysore Central Co-operative Land Mortgage Bank Ltd., as detailed below, regarding the enhancement of the limit of the liabilities of the Bank, which was passed by the general body of the Bank.

As it stands at present.	As it stands after the amendment.
Bye-lw No.17 (b) Provided that the liabilities of the Bank by way of deposits, issue of debentures or otherwise shall at no time exceed sixteen times the subscribed share capital plus reserve fund.	Bye-law No.17 (b) Provided that the liabilities of the Bank, by way of deposits, issue of debentures or otherwise, shall at no time exceed twenty times the subscribed share-capital plus reserve fund.

ORDER NO. A 7 12427-8/R.S. 15-41-24

Dated, Bangalore, the 29th August 1942.

A p p r o v e d.

K.H. Narasimha Rao

For General Secretary to Government.

The Registrar of Co-operative Societies in Mysore.
" Comptroller to Government of Mysore.

K.H.R.4.